

20 September 2018

The Secretariat  
Trajectory for Low Energy Homes  
Department of the Environment and Energy  
PO Box 787  
Canberra ACT 2601

Via email [NEPPSecretariat@environment.gov.au](mailto:NEPPSecretariat@environment.gov.au)

Dear Secretariat,

### **Report for Achieving Low Energy Homes: Final Draft – September 2018**

The Public Interest Advocacy Centre (PIAC) is an independent, non-profit legal centre based in New South Wales. Established in 1982, PIAC tackles systemic issues that have a significant impact upon people who are marginalised and facing disadvantage. We ensure basic rights are enjoyed across the community through litigation, public policy development, communication and training. The Energy + Water Consumers' Advocacy Program represents the interests of low-income and other residential consumers, developing policy and advocating in energy and water markets.

PIAC welcomes the opportunity to comment on the Report for Achieving Low Energy Homes: Final Draft – September 2018.

#### **Thermal energy efficiency targets**

PIAC queries why the proposed minimum Nationwide House Energy Rating Scheme (NatHERS) stars equivalent is so low. Considering that in most areas new homes are already required to meet 6 stars or higher, the proposal that under the National Construction Code (NCC) changes for 2022 that new homes meet minimum 6 – 7 stars (depending on the climate zone) undermines the long-term objective of the trajectory.

Having such unambitious targets continues to lock in lower-efficiency dwellings during a period when a significant proportion of housing will be constructed. This has repercussions for:

- The health, comfort and liveability of homes (particularly in increasingly extreme conditions),
- The on-going running costs of homes,
- Addressing climate change, as well as,
- A lost opportunity to address peak demand which would have overall system benefits through lower wholesale, transmission and distribution network costs which benefits all consumers.

Such unambitious targets undermine the objectives of the trajectory and mean that in the future there will be an ongoing need to retrofit the homes built under the NCC from 2022, which will come at a significantly greater cost than increasing the minimum standards in 2022. This is particularly the case for apartments which can be harder to retrofit.

Given that industry will have 4 years to adjust to the new standards, lack of notice to industry does not seem to be a justifiable argument. PIAC strongly recommends accelerated progress to an average 7 star rating in all locations progress as fast as possible.

### **A trajectory towards ‘zero energy and carbon ready homes’**

PIAC is pleased that the National Energy Productivity Plan (NEEP) includes a Trajectory to work towards making homes ‘zero energy and carbon ready’. However, as stated above, PIAC is concerned that the proposed timeline to reach this is not ambitious enough.

### **Renewable energy**

PIAC is pleased that renewable energy will be allowed to contribute towards meeting the energy usage budget of a home but will not be able to be used to offset the thermal efficiency requirements. PIAC agrees that there should be further analysis done before mandating renewable energy. There are likely to be many circumstances where on-site renewable energy systems are not appropriate, such as where there are orientation issues, limited roof space and/or shading issues.

### **Updating energy efficiency provisions**

PIAC supports implementing changes to energy provisions at each triennial revision of the NCC. Whilst planning to have regular, incremental updates can help with industry certainty, we urge the NEPP Secretariat to ensure that these standards are a genuine ratcheting up of standards that are in line with technical advances and community expectations.

### **Broader objective of energy efficient homes**

PIAC is supportive of the broad policy intent of including energy efficiency in the NCC. These broad occupier and community wide benefits should be communicated to the community. When communicating costs, the upfront costs of improving energy efficiency should be put within the context of on-going running cost reductions, as well as the potential to reduce health costs (including deaths) and overall system savings. Where upfront energy efficiency costs are a barrier for consumers, carefully considered finance schemes should be available so that any additional costs can be repaid over time from bill savings.

### **The NCC agnostic to equivalent technologies**

Although being agnostic to equivalent technologies is somewhat desirable, care must be given to locking households into particular fuel types. Whilst gas remains reasonably competitive with electricity, there are far more efficiency advances occurring in electricity which could mean that households connected to gas will be left with appliances that they cannot replace with more efficient models, unless they switch to electric (which might come with increased replacement and disconnection costs).

### **Progressing outside the NCC, including existing homes**

PIAC agrees that although it makes sense to ensure standards are improved for new builds – where it is easiest to improve standards – work needs to be done to improve standards for existing homes. Although there are a variety of state based initiatives, PIAC is disappointed that the NEPP will not be considering initiatives to improve the energy efficiency of the substantial number of existing homes until the end of 2019.

As previously submitted, the houses left unimpacted by the NCC changes are likely to include the dwellings of low income and disadvantaged households. The Trajectory must include measures that aim to increase standards of existing housing stock over time to minimise market distortions and potential perverse incentives, as well as address equity concerns. The Trajectory should include existing dwellings by implementing the following measures:

- Minimum energy efficiency standards for rental properties – private and social. These should be identified and implemented in stages that increase over time to eventually harmonise with the long-term targets identified in the Trajectory. Signalling the targets well in advance will help facilitate earlier and more efficient adoption of higher standards
- Mandatory disclosure of the energy efficiency of a dwelling at the point of lease or sale. This should be presented in a standardised format, showing average expected running costs in dollar amounts, through a national accredited and monitored scheme and accompanied by an education component. This should also be staged to give the industry a clear understanding of future inclusions and be an incentive to reward owners who have gone beyond the minimum. A voluntary scheme is not only unlikely to be effective, but would also create market distortions and perverse incentives ensuring that low value homes will remain less efficient and more costly to run
- Minimum energy efficiency standards for minor renovations
- Continued ratcheting up of appliance energy efficiency standards, with stages and an identified long-term target that allows certainty
- Continuation and expansion of programs to help low income households replace their old inefficient appliances with new, efficient appliances (such as the NSW Government's Appliance Replacement Offer)
- Improvements to urban planning and green canopies to decrease urban heat island effects (particularly in outer suburbs), to make cities more resilient during hot weather
- Programs to assist low income households to access solar PV (such as the Darebin Solar Saver program)
- Behaviour change programs to help households know how to use their energy wisely, without foregoing comfort and health
- Helping low income households improve the thermal performance of their homes

### Further engagement

PIAC would welcome the opportunity for further engagement with the Secretariat and other stakeholders to discuss these issues in more depth. Please do not hesitate to contact Thea Bray on (02) 8898 6520 or [tbray@piac.asn.au](mailto:tbray@piac.asn.au).

Yours sincerely,



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